

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Boston Township</b>	County <b>Ionia</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>5/2/05</b>	Date Accountant Report Submitted to State: <b>9/27/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

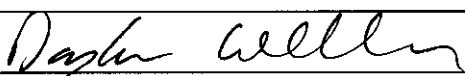
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Douglas Wohlberg, CPA</b>			
Street Address <b>PO Box 1013</b>	City <b>Byron Center</b>	State <b>MI</b>	ZIP <b>49315</b>
Accountant Signature 			Date <b>5/18/05</b>

# **Boston Township**

**Ionia County, Michigan**

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## **FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**

**Year Ended March 31, 2005**

**Boston Township**  
**Ionia County, Michigan**  
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**March 31, 2005**

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**Ionia County, Michigan**  
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## INDEPENDENT AUDITORS' REPORT

To the Township Board  
Boston Township  
Ionia County, Michigan

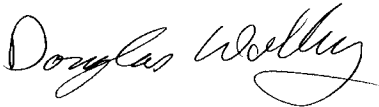
We have audited the accompanying financial statements of the governmental activities, the major funds and the aggregate remaining fund information of Boston Township as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Boston Township management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund and the aggregate remaining fund information of Boston Township as of March 31, 2005, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boston Township basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Byron Center, Michigan  
September 16, 2005

**Boston Township**  
**Ionia County, Michigan**  
**Management Discussion and Analysis**  
For the year ended March 31, 2005

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**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

**The Township as a Whole**

The Township's combined net assets decreased 15% from a year ago, decreasing from \$879,041 to \$749,000. This results from issuing long-term debt of \$170,000 for the Tiffany Street construction project.

In a condensed format, the table below shows a comparison of the net assets as of March 31, 2005 to the prior year:

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
<b>Current assets</b>	<b>\$ 901,511</b>	<b>\$ 874,880</b>
<b>Noncurrent assets</b>	<b>91,782</b>	<b>94,567</b>
<b>Total assets</b>	<b>993,293</b>	<b>969,447</b>
<b>Long-term debt outstanding</b>	<b>215,080</b>	<b>89,101</b>
<b>Other liabilities</b>	<b>29,213</b>	<b>1,305</b>
<b>Total liabilities</b>	<b>244,293</b>	<b>90,406</b>
<b>Net assets</b>		
Invested in capital assets - net of debt	91,782	94,567
Restricted	471,888	476,414
Unrestricted	185,330	308,060
<b>Total net assets</b>	<b>\$ 749,000</b>	<b>\$ 879,041</b>

Unrestricted net assets, the part of net assets that can be used to finance day to day operations, decreased by \$122,730 for the governmental activities. This represents a decrease approximately 40%. The current level of unrestricted net assets for our governmental activities stands at \$185,330, or about 31% of expenses. This decrease results from the construction of Tiffany Street. The costs associated were approximately \$190,000.

**Boston Township**  
**Ionia County, Michigan**  
**Management Discussion and Analysis**  
For the year ended March 31, 2005

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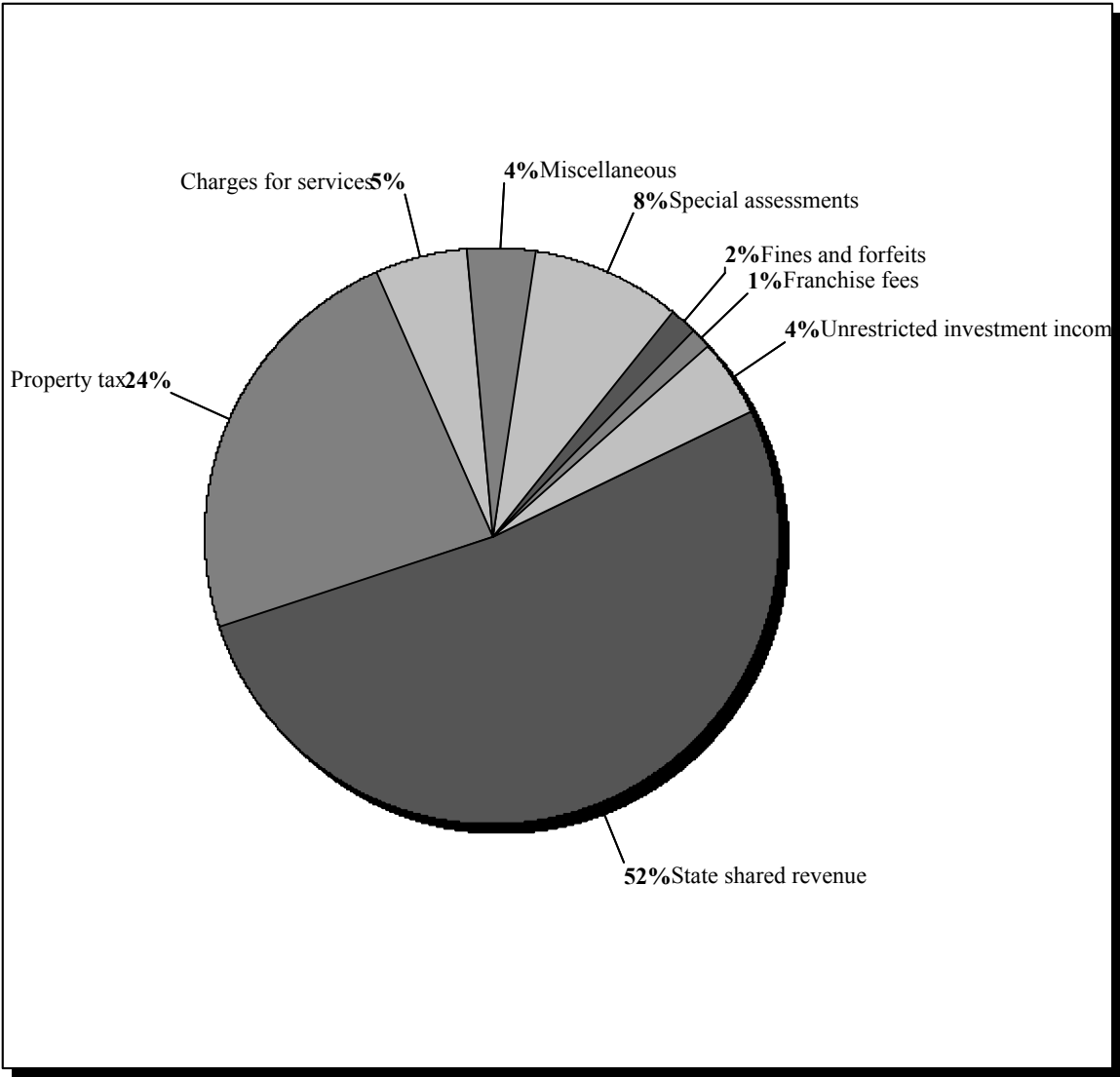
The following table shows the changes of the net assets as of March 31, 2005:

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
<b><u>Program revenues</u></b>		
Charges for services	\$ 24,112	\$ 26,675
<b><u>General revenue</u></b>		
Property tax	108,582	102,250
State shared revenue	239,536	247,942
Unrestricted investment income	20,513	33,599
Franchise fees	5,242	5,560
Fines and forfeits	7,179	-
Special assessments	38,728	28,178
Miscellaneous	17,555	-
<b>Total revenues</b>	<b>461,447</b>	<b>444,204</b>
<b><u>Program expenses</u></b>		
General government	201,480	206,942
Public safety	85,517	75,725
Public works	275,465	161,741
Health and welfare	10,414	10,414
Community and economic development	2,937	2,937
Interest on long-term debt	15,675	5,543
<b>Total expenses</b>	<b>591,488</b>	<b>463,302</b>
<b>Change in net assets</b>	<b>\$ (130,041)</b>	<b>\$ (19,098)</b>

**Boston Township**  
**Ionia County, Michigan**  
**Management Discussion and Analysis**  
**For the year ended March 31, 2005**

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The following chart illustrates the sources of the Township's revenue.

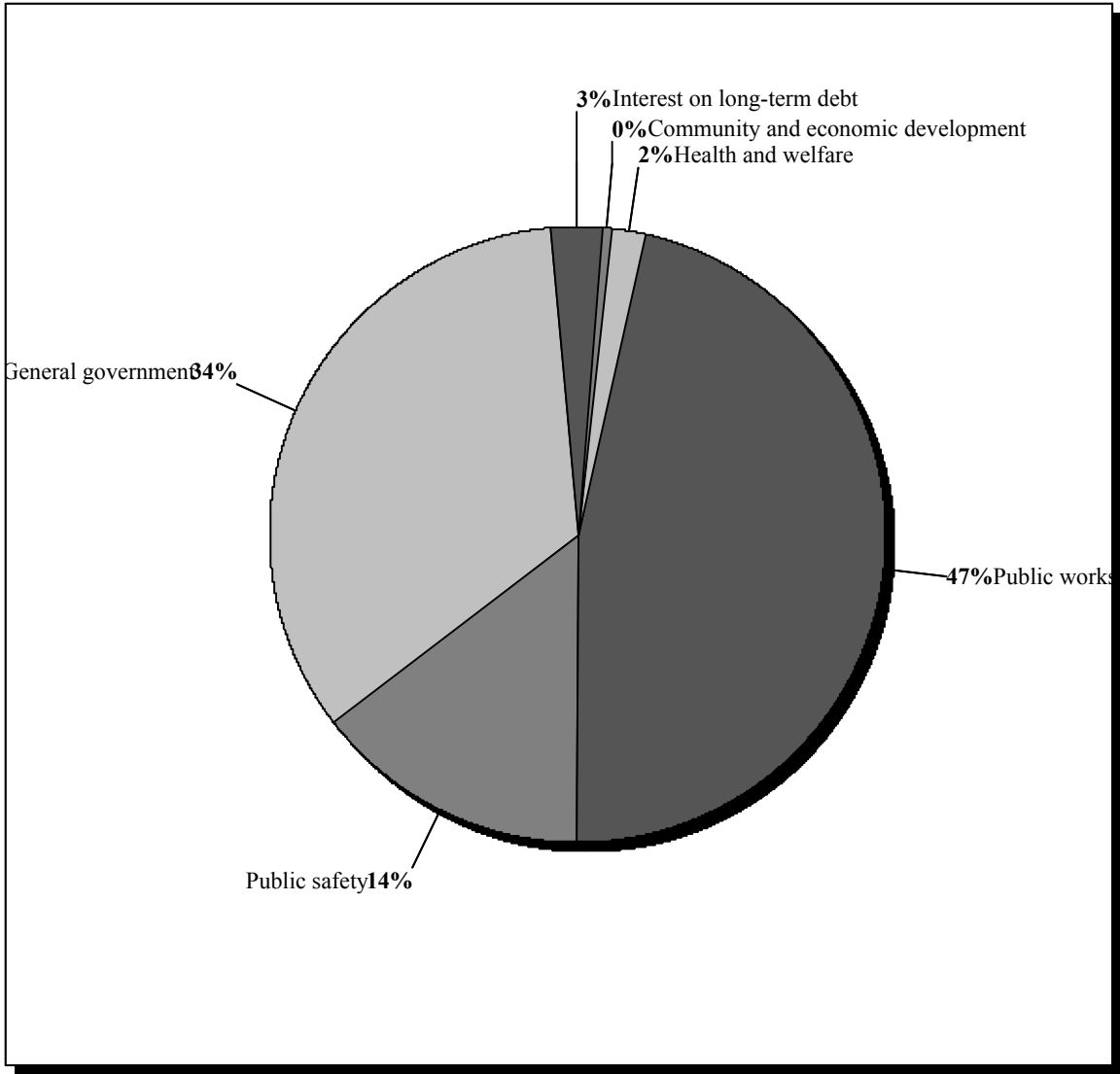




**Boston Township**  
**Ionia County, Michigan**  
**Management Discussion and Analysis**  
**For the year ended March 31, 2005**

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The following chart illustrates the Township's expenses.



**Boston Township**  
**Ionia County, Michigan**  
**Management Discussion and Analysis**  
**For the year ended March 31, 2005**

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**Governmental Activities**

The only significant change in governmental activities from the previous year was the additional street construction.

**The Township's Funds**

Our analysis of the Township's major fund begins on page 13, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds in 2005 were the General Fund and the Improvement Revolving Special Revenue Fund.

**Capital Asset and Debt Administration**

At the end of 2005, the Township had \$91,782, net of accumulated depreciation, invested in land, building and equipment. Long-term debt at the beginning of the year was \$89,101. Additions to long-term debt of \$170,000 and reductions of \$16,092 resulted in ending long-term debt of \$243,009

**Economic Factors and Next Year's Budgets and Rates**

The Township's General Fund budget for 2006 remains little changed from 2005.

The Township's State Equalized Value is the highest of any taxing jurisdiction in Ionia County, approximately 180 million dollars. Township officials expect continued rapid growth, particularly in new residential construction.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township's Supervisor at the Boston Township Hall, 30 North Center Street, Saranac, Michigan, 48881. The Township's phone number is (616) 642-6636.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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# Boston Township

Ionia County, Michigan

## Statement of Net Assets

For the year ended March 31, 2005

	Governmental activities
<b><u>GOVERNMENTAL ASSETS</u></b>	
Cash and investments	\$ 883,204
Receivables (net)	18,307
Capital assets - net	91,782
<b>TOTAL ASSETS</b>	<b>\$ 993,293</b>
<b><u>GOVERNMENTAL LIABILITIES</u></b>	
Accrued and other liabilities	\$ 1,284
Due within one year	27,929
Due in more than one year	215,080
<b>TOTAL LIABILITIES</b>	<b>244,293</b>
<b><u>GOVERNMENTAL NET ASSETS</u></b>	
Restricted for	
Debt service	30,413
Capital projects	441,475
Invested in capital assets	91,782
Unrestricted	185,330
<b>TOTAL NET ASSETS</b>	<b>749,000</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 993,293</b>

The Notes to the Financial Statements are an integral part of this statement.

# Boston Township

Ionia County, Michigan

## Statement of Activities

For the year ended March 31, 2005

Functions/Programs	Expenses	Charges for services	Governmental activities
<b>PRIMARY GOVERNMENT EXPENSES</b>			
General government	\$ 201,480	\$ 24,112	\$ (177,368)
Public safety	85,517	-	(85,517)
Public works	275,465	-	(275,465)
Health and welfare	10,414	-	(10,414)
Community and economic development	2,937	-	(2,937)
Interest on long-term debt	15,675	-	(15,675)
<b>Total Governmental activities</b>	<b>591,488</b>	<b>24,112</b>	<b>(567,376)</b>
<b>General Revenues</b>			
Property taxes			108,582
State-shared revenue			239,536
Unrestricted investment income			20,513
Franchise fees			5,242
Fines and forfeitures			7,179
Special assessments			38,728
Miscellaneous			17,555
<b>Total general revenues - special items and transfers</b>			<b>437,335</b>
<b>Change in net assets</b>			<b>(130,041)</b>
<b>Net assets at beginning of year</b>			<b>879,041</b>
<b>Net assets at end of year</b>		<b>\$</b>	<b>749,000</b>

The Notes to the Financial Statements are an integral part of this statement.

**Boston Township**  
**Ionia County, Michigan**  
**Governmental Funds**  
**Balance Sheet**  
**March 31, 2005**

	General Fund	Public Improvement Revolving Fund	Tiffany Paving Capital Projects Fund	Nonmajor Funds	Total
<b><u>ASSETS</u></b>					
Cash	\$ 411,316	\$ 438,452	\$ 3,023	\$ 30,413	\$ 883,204
Taxes receivable	8,744	-	-	-	8,744
Accounts receivable	9,563	-	-	-	9,563
Due from other funds	-	16,000	-	-	16,000
<b>TOTAL ASSETS</b>	<b>\$ 429,623</b>	<b>\$ 454,452</b>	<b>\$ 3,023</b>	<b>\$ 30,413</b>	<b>\$ 917,511</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
<b>LIABILITIES</b>					
Payroll deductions payable	\$ 1,284	\$ -	\$ -	\$ -	\$ 1,284
Due to other funds	-	-	16,000	-	16,000
<b>FUND BALANCES</b>					
Reserved for					
Capital projects	-	454,452	(12,977)	-	441,475
Debt service	-	-	-	30,413	30,413
Undesignated	428,339	-	-	-	428,339
<b>TOTAL FUND BALANCES</b>	<b>428,339</b>	<b>454,452</b>	<b>(12,977)</b>	<b>30,413</b>	<b>900,227</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 429,623</b>	<b>\$ 454,452</b>	<b>\$ 3,023</b>	<b>\$ 30,413</b>	<b>\$ 917,511</b>

The Notes to the Financial Statements are an integral part of this statement.

# **Boston Township**

**Ionia County, Michigan**

## **Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets**

**For the year ended March 31, 2005**

<b>Total fund balances - total governmental funds</b>	<b>\$</b>	<b>900,227</b>
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**Amounts reported for governmental activities in the statement of net assets are different because:**

**Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:**

<b>Capital assets at cost</b>	<b>150,257</b>
<b>Accumulated depreciation</b>	<b>(58,475)</b>
<b>Net capital assets</b>	<b>91,782</b>

**Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at March 31, 2005 were:**

<b>Paradise Park Construction debt</b>	<b>(57,098)</b>
<b>Breezy Point Construction debt</b>	<b>(15,911)</b>
<b>Tiffany Street Construction Debt</b>	<b>(170,000)</b>
<b>Net assets of governmental activities</b>	<b>\$ 749,000</b>

**The Notes to the Financial Statements are an integral part of this statement.**

# Boston Township

Ionia County, Michigan

Governmental Funds

## Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended March 31, 2005

	General Fund	Public Improvement Revolving Fund	Tiffany Paving Capital Projects Fund	Nonmajor Funds	Total
<b>REVENUE</b>					
Property taxes	\$ 108,582	\$ -	\$ -	\$ -	\$ 108,582
State grants	239,536	-	-	-	239,536
Licenses and permits	5,000	-	-	-	5,000
Fines and forfeits	7,179	-	-	-	7,179
Charges for services	22,654	-	-	-	22,654
Interest and rents	13,373	8,634	150	56	22,213
Other revenue	17,555	-	-	-	17,555
Special assessments	-	-	7,200	31,528	38,728
<b>TOTAL REVENUE</b>	<b>413,879</b>	<b>8,634</b>	<b>7,350</b>	<b>31,584</b>	<b>461,447</b>
<b>EXPENDITURES</b>					
General government	185,949	-	-	-	185,949
Public safety	84,517	-	-	-	84,517
Public works	85,138	-	-	-	85,138
Health and welfare	10,414	-	-	-	10,414
Community and economic development	2,937	-	-	-	2,937
Other governmental functions	13,746	-	-	-	13,746
Debt service	-	-	-	31,767	31,767
Capital outlay	-	-	190,327	-	190,327
<b>TOTAL EXPENDITURES</b>	<b>382,701</b>	<b>-</b>	<b>190,327</b>	<b>31,767</b>	<b>604,795</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	<b>31,178</b>	<b>8,634</b>	<b>(182,977)</b>	<b>(183)</b>	<b>(143,348)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	170,000	-	170,000
<b>NET CHANGE IN FUND BALANCES</b>					
	<b>31,178</b>	<b>8,634</b>	<b>(12,977)</b>	<b>(183)</b>	<b>26,652</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>					
	<b>397,161</b>	<b>445,818</b>	<b>-</b>	<b>30,596</b>	<b>873,575</b>
<b>FUND BALANCES, END OF YEAR</b>					
	<b>\$ 428,339</b>	<b>\$ 454,452</b>	<b>\$ (12,977)</b>	<b>\$ 30,413</b>	<b>\$ 900,227</b>

The Notes to the Financial Statements are an integral part of this statement.



## **Boston Township**

**Ionia County, Michigan**

### **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities**

**For the year ended March 31, 2005**

<b>Net change in fund balances - total governmental funds</b>		<b>\$</b>	<b>26,652</b>
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>			
Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets			16,092
The issuance of long-term debt is an other source in governmental funds, but the issuance increases long-term liabilities in the statement of net assets			(170,000)
<b>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</b>			
Depreciation			(2,785)
<b>Change in net assets of government activities</b>	<b>\$</b>	<b>(130,041)</b>	

The Notes to the Financial Statements are an integral part of this statement.

**Boston Township**  
**Ionia County, Michigan**  
**Fiduciary Fund**  
**Statement of Net Assets**  
**For the year ended March 31, 2005**

<u>Agency Fund Type</u>	
<u><b>ASSETS</b></u>	
Cash and cash equivalents	\$ 67,409
<u><b>LIABILITIES AND NET ASSETS</b></u>	
<u><b>LIABILITIES</b></u>	
Undistributed taxes	\$ 5,409
<u><b>NET ASSETS</b></u>	
Held in trust for Cemetery maintenance	62,000
<u><b>LIABILITIES AND NET ASSETS</b></u>	<u>\$ 67,409</u>

The Notes to the Financial Statements are an integral part of this statement.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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# **Boston Township**

**Ionia County, Michigan**

## **Notes to Basic Financial Statements**

**For the year ended March 31, 2005**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Boston Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Boston Township:

#### **A. Reporting Entity**

Boston Township is governed by an elected seven-member Board. The Township has no component units, entities for which the government is considered to be financially accountable.

#### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

This reporting model provides for separate financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Boston Township has no proprietary funds. The Township has one fiduciary fund, the Tax Agency Fund.

**Boston Township**  
**Ionia County, Michigan**  
**Notes to Basic Financial Statements**  
**For the year ended March 31, 2005**

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**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Boston Township's property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in Boston Township as of the preceding December 31st.

Although Boston Township's 2004 ad valorem tax is levied and collectible on December 1, 2004, it is Boston Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2004 taxable valuation of Boston Township totaled \$126,112,899, on which ad valorem taxes levied consisted of the following:

	<u>Mills levied</u>	<u>Raising</u>
<u>Operating</u>	<u>0.7987</u>	<u>\$ 100,726</u>

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government.

The Public Improvement Revolving Special Revenue Fund accumulates non-tax revenue set aside for statutory public improvements.

The Tiffany Street Paving Capital Projects Fund accounts for bond proceeds to pave a street.

**Boston Township**  
**Ionia County, Michigan**  
**Notes to Basic Financial Statements**  
**For the year ended March 31, 2005**

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Additionally, the government reports the following fund types:

**Debt Service Funds**

The Paradise Park Debt Service Fund accounts for special assessments collected to pay long-term debt related to construction of a private road.

The Breezy Point Debt Service Fund accounts for special assessments collected to pay long-term debt related to construction of a private road.

The Tiffany Street Debt Service Fund accounts for special assessments collected to pay long-term debt related to construction of a road.

**Trust and Agency Funds**

The Trust and Agency Fund accounts for property tax collected on behalf of the Township and other units.

The Cemetery Trust Fund accounts for money set aside to provide for maintenance of the Township's Cemeteries.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

**D. Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments**--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables**--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

**Capital Assets**--Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

<b>Buildings</b>	<b>40 years</b>
------------------	-----------------

**Fund Equity**--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Boston Township**  
**Ionia County, Michigan**  
**Notes to Basic Financial Statements**  
**For the year ended March 31, 2005**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before March 1, the Township supervisor submits to the Board, a proposed operating budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the Township hall to obtain taxpayer comments.

On or before March 31, the budget is adopted by resolution.

Any revisions that alter the total expenditures of any fund must be approved by the Township Board.

Budgeted amounts are presented as originally adopted, or as amended by the Township Board before March 31. Individual amendments were not material in relation to the original appropriations which were amended.

Budgets as presented for the General Fund, Special Revenue Fund and Debt Service Funds are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Township Board throughout the operating year.

The Township legally adopts budgets for the General Fund, Special Revenue Fund and Debt Service Funds.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Township Board.

The legal level of control is at the activity level of the General Fund.

The Township Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the Township Board.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**Boston Township**  
**Ionia County, Michigan**  
**Notes to Basic Financial Statements**  
For the year ended March 31, 2005

Excess of Expenditures Over Appropriations in Budgeted Funds--During the year, Boston Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

		Budget appropriation	Actual expenditure
General Fund			
Public Safety	\$	83,216	\$ 85,517

**NOTE 3 - DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes Boston Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Boston Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

Boston Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

		Governmental activities		Fiduciary Funds		Total
Cash and cash equivalents	\$	233,201	\$	5,409	\$	238,610
Investments		650,003		62,000		712,003
Total	\$	883,204	\$	67,409	\$	950,613

The bank balance of the Township's deposits is \$954,543, of which \$196,729 is covered by federal depository insurance and \$757,814 is uninsured and uncollateralized.



**Boston Township**  
**Ionia County, Michigan**  
**Notes to Basic Financial Statements**  
For the year ended March 31, 2005

**NOTE 4 - RECEIVABLES**

Receivables as of year-end for the Township's individual major and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	
Taxes receivable	\$	8,744
Accounts		9,563
Net Receivables	\$	18,307

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

<u>Governmental Activities</u>	<u>Balance</u>		<u>Balance</u>
	<u>April 1, 2004</u>	<u>Additions</u>	<u>March 31, 2005</u>
Assets not being depreciated	\$ 38,877	\$	\$ 38,877
Capital assets being depreciated:			
Buildings	111,380		111,380
Accumulated depreciation:			
Buildings	55,690	2,785	58,475
Net capital assets being depreciated	55,690	(2,785)	52,905
Net capital assets	\$ 94,567	\$ (2,785)	\$ 91,782

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 2,785
--------------------	----------

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Public Improvement Revolving	Tiffany Paving Capital	
Special Revenue Fund	Projects Fund	\$ 16,000

The purpose of this balance is to cover paving expenses until special assessments are received from the property owners along the street.

**Boston Township**  
**Ionia County, Michigan**  
**Notes to Basic Financial Statements**  
For the year ended March 31, 2005

**NOTE 7 - LONG-TERM DEBT**

The Township issues long-term special assessment debt to provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction.

Long-term debt activity can be summarized as follows:

	Balance April 1, 2004	Additions	Reductions	Balance March 31, 2005	Due within one year
Paradise Park Special Assessment Debt	\$ 69,200	\$	\$ 12,102	\$ 57,098	\$ 12,731
Breezy Point Special Assessment Debt	19,901		3,990	15,911	4,198
Tiffany Street Special Assessment Debt		170,000		170,000	11,000
	\$ 89,101	\$ 170,000	\$ 16,092	\$ 243,009	\$ 27,929

Annual debt service requirements to maturity for the above obligations are as follows:

Year ended March 31,	Principal	Interest	Total
2006	\$ 27,929	\$ 11,610	\$ 39,539
2007	28,809	10,207	39,016
2008	29,735	8,759	38,494
2009	28,473	7,264	35,737
2010	13,063	5,832	18,895
2011	15,000	5,106	20,106
2012	11,000	4,489	15,489
2013	15,000	3,872	18,872
2014	11,000	3,254	14,254
2015	11,000	2,731	13,731
2016	11,000	2,209	13,209
2017	15,000	1,592	16,592
2018	11,000	974	11,974
2019	15,000	356	15,356
Totals	\$ 243,009	\$ 68,255	\$ 311,264

**NOTE 8 - RISK MANAGEMENT**

Boston Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. Boston Township has purchased commercial insurance for claims and participates in the for claims relating to . Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS**

The Township has no post-retirement benefit plans at this time.

# **Boston Township**

**Ionia County, Michigan**

## **Notes to Basic Financial Statements**

**For the year ended March 31, 2005**

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### **NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**

#### **Defined Contribution Pension Plan**

Boston Township provides pension benefits to certain employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. Boston Township contributes 15 percent of all Township Board members toward the purchase of individual annuities to provide retirement benefits, plus a contribution for Board members eligible for a past services retirement benefit. Contributions to the plan for the current year totaled \$9,407 based on a covered payroll of \$48,201. Total Township payroll was \$63,973. Retirement benefits are limited to the amount of annuities purchased on behalf of each employee.

## REQUIRED SUPPLEMENTAL INFORMATION

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**Boston Township**  
**Ionia County, Michigan**  
**General fund**  
**Balance Sheet**  
**March 31, 2005**

	2005	2004
<b>ASSETS</b>		
Cash	\$ 411,316	\$ 374,696
Taxes receivable	8,744	8,291
Accounts receivable	9,563	15,479
<b>TOTAL ASSETS</b>	<b>\$ 429,623</b>	<b>\$ 398,466</b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Payroll deductions payable	\$ 1,284	\$ 1,305
<b>TOTAL LIABILITIES</b>	<b>1,284</b>	<b>1,305</b>
<b>FUND BALANCES</b>		
Unreserved, undesignated	428,339	397,161
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 429,623</b>	<b>\$ 398,466</b>

# Boston Township

Ionian County, Michigan

General fund

## Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended March 31, 2005 with comparative actual amounts for 2004

	Original budget	Final budget	Actual	Variance with final budget	2004
<b>REVENUES</b>					
Property Taxes					
Current real property taxes	\$ 105,000	\$ 105,000	\$ 101,490	\$ (3,510)	\$ 95,158
Property tax administration fee	-	-	7,092	7,092	7,092
<b>Total Property Taxes</b>	<b>105,000</b>	<b>105,000</b>	<b>108,582</b>	<b>3,582</b>	<b>102,250</b>
State Grants					
State revenue sharing	240,000	240,000	239,536	(464)	246,602
Other state grants	1,400	1,400	-	(1,400)	1,340
<b>Total State Grants</b>	<b>241,400</b>	<b>241,400</b>	<b>239,536</b>	<b>(1,864)</b>	<b>247,942</b>
Licenses and Permits					
Business licenses and permits	2,500	2,500	5,000	2,500	2,250
Fines and forfeitures	6,500	6,500	7,179	679	7,468
Charges for Services					
Services rendered	10,030	10,030	8,837	(1,193)	10,583
Sales	5,000	5,000	8,400	3,400	4,200
Fees	6,225	6,225	5,417	(808)	5,735
<b>Total Charges for Services</b>	<b>21,255</b>	<b>21,255</b>	<b>22,654</b>	<b>1,399</b>	<b>20,518</b>
Interest and Rentals					
Interest and dividends	15,200	15,200	11,873	(3,327)	15,862
Rent	2,000	2,000	1,500	(500)	2,000
<b>Total Interest and Rentals</b>	<b>17,200</b>	<b>17,200</b>	<b>13,373</b>	<b>(3,827)</b>	<b>17,862</b>
Other Revenue					
Refunds	10,981	10,981	12,817	1,836	-
Other	300	300	4,738	4,438	-
<b>Total Other Revenue</b>	<b>11,281</b>	<b>11,281</b>	<b>17,555</b>	<b>6,274</b>	<b>-</b>
<b>TOTAL REVENUES</b>	<b>405,136</b>	<b>405,136</b>	<b>413,879</b>	<b>8,743</b>	<b>398,290</b>

# Boston Township

Ionia County, Michigan

General fund

## Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended March 31, 2005 with comparative actual amounts for 2004

	Original budget	Final budget	Actual	Variance with final budget	2004
<b><u>EXPENDITURES</u></b>					
General government					
Township board	\$ 8,200	\$ 8,200	\$ 7,125	\$ 1,075	\$ 5,938
Supervisor	18,000	18,000	18,667	(667)	17,616
Clerk	15,800	15,800	14,545	1,255	14,450
Audit	3,200	3,200	3,600	(400)	3,100
Board of review	630	630	480	150	480
Treasurer	25,100	25,100	24,068	1,032	23,580
Assessor	28,550	28,550	31,820	(3,270)	27,505
Elections	5,500	5,500	5,873	(373)	337
Building and grounds	22,800	22,800	24,817	(2,017)	18,301
Attorney	25,000	25,000	19,694	5,306	40,377
Cemetery	39,000	39,000	34,260	4,740	38,638
Total General government	191,780	191,780	184,949	6,831	190,322
Public safety					
Police	55,216	55,216	56,215	(999)	52,633
Fire department	28,000	28,000	29,302	(1,302)	23,092
Total Public safety	83,216	83,216	85,517	(2,301)	75,725

# Boston Township

Ionia County, Michigan

General fund

## Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended March 31, 2005 with comparative actual amounts for 2004

	Original budget	Final budget	Actual	Variance with final budget	2004
<b>Public works</b>					
Drains	\$ 500	\$ 500	\$ 839	\$ (339)	\$ 490
Street lighting	240	240	217	23	216
Highways, streets and bridges	100,000	100,000	84,082	15,918	161,035
<b>Total Public works</b>	<b>100,740</b>	<b>100,740</b>	<b>85,138</b>	<b>15,602</b>	<b>161,741</b>
<b>Health and welfare</b>					
Ambulance	10,500	10,500	10,414	86	10,414
<b>Community and economic development</b>					
Economic development	3,100	3,100	2,937	163	2,937
<b>Other governmental functions</b>					
Insurance	3,800	3,800	3,277	523	3,764
Retirement	10,000	10,000	9,407	593	9,112
Social security	2,000	2,000	1,062	938	959
<b>Total Other governmental functions</b>	<b>15,800</b>	<b>15,800</b>	<b>13,746</b>	<b>2,054</b>	<b>13,835</b>
<b>TOTAL EXPENDITURES</b>	<b>405,136</b>	<b>405,136</b>	<b>382,701</b>	<b>22,435</b>	<b>454,974</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>31,178</b>	<b>31,178</b>	<b>(56,684)</b>
<b>Fund balance at beginning of year</b>	<b>397,161</b>	<b>397,161</b>	<b>397,161</b>	<b>-</b>	<b>453,845</b>
<b>Fund balance at end of year</b>	<b>\$ 397,161</b>	<b>\$ 397,161</b>	<b>\$ 428,339</b>	<b>\$ 31,178</b>	<b>\$ 397,161</b>



**Boston Township**  
**Ionia County, Michigan**  
**Public Improvement Revolving Special Revenue Fund**  
**Balance Sheet**  
**March 31, 2005**

	2005	2004
<b><u>ASSETS</u></b>		
Cash	\$ 438,452	\$ 445,818
Due from other funds	16,000	-
<b>TOTAL ASSETS</b>	<b>\$ 454,452</b>	<b>\$ 445,818</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
<b>FUND BALANCES</b>		
Reserved for capital projects	\$ 454,452	445,818

# Boston Township

Ionia County, Michigan

Public Improvement Revolving Special Revenue Fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended March 31, 2005 with comparative actual amounts for 2004

	Original budget	Original and final budget	Actual	Variance with final budget	2004
<b><u>REVENUE</u></b>					
Interest and dividends	\$ 6,000	\$ 6,000	\$ 8,634	\$ 2,634	\$ 17,697
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>6,000</b>	<b>6,000</b>	<b>8,634</b>	<b>2,634</b>	<b>17,697</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers out	(6,000)	(6,000)	-	6,000	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>8,634</b>	<b>2,634</b>	<b>17,697</b>
Fund balance beginning of year	445,818	445,818	445,818	-	428,121
Fund balance end of year	\$ 445,818	\$ 445,818	\$ 454,452	\$ 2,634	\$ 445,818

**Boston Township**  
**Ionia County, Michigan**  
**Tiffany Paving Capital Projects Fund**  
**Balance Sheet**  
**March 31, 2005**

	2005	2004
<b><u>ASSETS</u></b>		
Cash	\$ 3,023	\$ -
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
<b><u>LIABILITIES</u></b>		
Due to other funds	\$ 16,000	\$ -
<b><u>FUND BALANCES</u></b>		
Reserved for capital projects	(12,977)	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,023</b>	<b>\$ -</b>

# Boston Township

Ionia County, Michigan

Tiffany Paving Capital Projects Fund

## Statement of Revenue, Expenditures and Changes in Fund Balances

For the year ended March 31, 2005 with comparative actual amounts for 2004

	2005	2004
<b>REVENUE</b>		
Interest and dividends	\$ 150	\$ -
Special assessments	7,200	-
<b>TOTAL REVENUE</b>	<b>7,350</b>	<b>-</b>
<b>EXPENDITURES</b>		
Capital outlay	190,327	-
<b>OTHER FINANCING SOURCES (USES)</b>		
Bond or note issuance	170,000	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>(12,977)</b>	<b>-</b>
Fund balance beginning of year	-	-
<b>Fund balance end of year</b>	<b>\$ (12,977)</b>	<b>\$ -</b>

## **NONMAJOR GOVERNMENTAL FUND STATEMENTS**

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**Boston Township**  
**Ionia County, Michigan**  
**Nonmajor Funds**  
**Combining Balance Sheet**  
**March 31, 2005**

	Debt Service Funds				Total
	Paradise Park	Breezy Point	Tiffany Paving		
<b><u>ASSETS</u></b>					
Cash	\$ 14,348	\$ 5,813	\$ 10,252	\$	30,413
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>FUND BALANCES</b>					
Reserved for					
Debt Service	\$ 14,348	\$ 5,813	\$ 10,252	\$	30,413

# Boston Township

Ionia County, Michigan

Nonmajor Funds

## Combining Statement of Revenue, Expenditures and Changes in Fund Balances

March 31, 2005

	<u>Debt Service Funds</u>			<u>Total</u>
	<u>Paradise Park</u>	<u>Breezy Point</u>	<u>Tiffany Paving</u>	
<b><u>REVENUE</u></b>				
Special assessments	\$ 13,284	\$ 4,444	\$ 13,800	\$ 31,528
Interest and dividends	28	9	19	56
<b>TOTAL REVENUE</b>	<b>13,312</b>	<b>4,453</b>	<b>13,819</b>	<b>31,584</b>
<b><u>EXPENDITURES</u></b>				
Debt Service				
Principal	18,102	5,465	-	23,567
Interest	3,598	1,035	3,567	8,200
<b>TOTAL EXPENDITURES</b>	<b>21,700</b>	<b>6,500</b>	<b>3,567</b>	<b>31,767</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(8,388)</b>	<b>(2,047)</b>	<b>10,252</b>	<b>(183)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>22,736</b>	<b>7,860</b>	<b>-</b>	<b>30,596</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 14,348</b>	<b>\$ 5,813</b>	<b>\$ 10,252</b>	<b>\$ 30,413</b>

**Boston Township**  
**Ionia County, Michigan**  
**Paradise Park Debt Service Fund**  
**Balance Sheet**  
**March 31, 2005**

	2005		2004	
<b><u>ASSETS</u></b>				
Cash	\$	14,348	\$	8,329
Special assessments receivable		-		14,407
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>14,348</b>	<b>\$</b>	<b>22,736</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
<b>FUND BALANCES</b>				
Reserved for debt service	\$	14,348	\$	22,736



# Boston Township

Ionia County, Michigan

Paradise Park Debt Service Fund

## Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended March 31, 2005 with comparative actual amounts for 2004

	Original budget	Original and final budget	Actual	Variance with final budget	2004
<b>REVENUE</b>					
Special assessments	\$ 14,000	\$ 14,000	\$ 13,284	\$ (716)	\$ 21,432
Interest and dividends	50	50	28	(22)	26
<b>TOTAL REVENUE</b>	<b>14,050</b>	<b>14,050</b>	<b>13,312</b>	<b>(738)</b>	<b>21,458</b>
<b>EXPENDITURES</b>					
Debt service					
Principal	10,050	10,050	18,102	(8,052)	11,415
Interest	4,000	4,000	3,598	402	4,285
<b>TOTAL EXPENDITURES</b>	<b>14,050</b>	<b>14,050</b>	<b>21,700</b>	<b>(7,650)</b>	<b>15,700</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>(8,388)</b>	<b>6,912</b>	<b>5,758</b>
<b>Fund balance beginning of year</b>	<b>22,736</b>	<b>22,736</b>	<b>22,736</b>	<b>-</b>	<b>16,978</b>
<b>Fund balance end of year</b>	<b>\$ 22,736</b>	<b>\$ 22,736</b>	<b>\$ 14,348</b>	<b>\$ 6,912</b>	<b>\$ 22,736</b>

**Boston Township**  
**Ionia County, Michigan**  
**Breezy Point Debt Service Fund**  
**Balance Sheet**  
**March 31, 2005**

	2005	2004
<b><u>ASSETS</u></b>		
Cash	\$ 5,813	\$ 3,332
Due from other funds	-	4,528
<b>TOTAL ASSETS</b>	<b>\$ 5,813</b>	<b>\$ 7,860</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
<b>FUND BALANCES</b>		
Reserved for debt service	\$ 5,813	\$ 7,860

# Boston Township

Ionia County, Michigan

Breezy Point Debt Service Fund

## Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended March 31, 2005 with comparative actual amounts for 2004

	Original budget	Original and final budget	Actual	Variance with final budget	2004
<b>REVENUE</b>					
Special assessments	\$ 4,528	\$ 4,528	\$ 4,444	\$ (84)	\$ 6,746
Interest and dividends	25	25	9	(16)	13
<b>TOTAL REVENUE</b>	<b>4,553</b>	<b>4,553</b>	<b>4,453</b>	<b>(100)</b>	<b>6,759</b>
<b>EXPENDITURES</b>					
Debt service					
Principal	3,000	3,000	5,465	(2,465)	3,767
Interest	1,553	1,553	1,035	518	1,258
<b>TOTAL EXPENDITURES</b>	<b>4,553</b>	<b>4,553</b>	<b>6,500</b>	<b>(1,947)</b>	<b>5,025</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>(2,047)</b>	<b>1,847</b>	<b>1,734</b>
<b>Fund balance beginning of year</b>	<b>7,860</b>	<b>7,860</b>	<b>7,860</b>	<b>-</b>	<b>6,126</b>
<b>Fund balance end of year</b>	<b>\$ 7,860</b>	<b>\$ 7,860</b>	<b>\$ 5,813</b>	<b>\$ 1,847</b>	<b>\$ 7,860</b>

**Boston Township**  
**Ionia County, Michigan**  
**Tiffany Paving Debt Service Fund**  
**Balance Sheet**  
**March 31, 2005**

	2005	2004
<b><u>ASSETS</u></b>		
Cash	\$ 10,252	\$ -
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
<b><u>FUND BALANCES</u></b>		
Reserved for capital projects	\$ 10,252	-

# Boston Township

Ionia County, Michigan

Tiffany Paving Debt Service Fund

## Statement of Revenue, Expenditures and Changes in Fund Balances

For the year ended March 31, 2005 with comparative actual amounts for 2004

	Actual	2004
<b>REVENUE</b>		
Special assessments	\$ 13,800	\$ -
Interest and dividends	19	-
<b>TOTAL REVENUE</b>	<b>13,819</b>	<b>-</b>
<b>EXPENDITURES</b>		
Interest	3,567	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>10,252</b>	<b>-</b>
Fund balance beginning of year	-	-
Fund balance end of year	\$ 10,252	\$ -

## Long-term Debt Schedules

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**Boston Township**  
**Ionia County, Michigan**  
**Schedule of Bonded Debt**  
**Paradise Park Special Assessment Debt**  
**March 31, 2005**

Year ended	Interest Rate	Principal	Interest	Total
2006	5.200%	\$ 12,731	\$ 2,969	\$ 15,700
2007	5.200%	13,393	2,307	15,700
2008	5.200%	14,089	1,611	15,700
2009	5.200%	14,822	878	15,700
2010	5.200%	2,063	108	2,171
<b>Totals</b>		<b>\$ 57,098</b>	<b>\$ 7,873</b>	<b>\$ 64,971</b>

# **Boston Township**

**Ionia County, Michigan**

## **Schedule of Bonded Debt**

### **Breezy Point Special Assessment Debt**

**March 31, 2005**

<b>Year ended</b>	<b>Interest Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	5.200%	\$ 4,198	\$ 827	\$ 5,025
2007	5.200%	4,416	609	5,025
2008	5.200%	4,646	379	5,025
2009	5.200%	2,651	139	2,790
<b>Totals</b>		<b>\$ 15,911</b>	<b>\$ 1,954</b>	<b>\$ 17,865</b>



**Boston Township**  
**Ionia County, Michigan**  
**Schedule of Bonded Debt**  
**Tiffany Street Special Assessment Debt**  
**March 31, 2005**

Interest			Principal,		Interest,		Interest,	
Year ended	Rate		June 1		June 1		December 1	Total
2006	4.750%	\$	11,000	\$	4,038	\$	3,776	\$ 18,814
2007	4.750%		11,000		3,776		3,515	18,291
2008	4.750%		11,000		3,515		3,254	17,769
2009	4.750%		11,000		3,254		2,993	17,247
2010	4.750%		11,000		2,993		2,731	16,724
2011	4.750%		15,000		2,731		2,375	20,106
2012	4.750%		11,000		2,375		2,114	15,489
2013	4.750%		15,000		2,114		1,758	18,872
2014	4.750%		11,000		1,758		1,496	14,254
2015	4.750%		11,000		1,496		1,235	13,731
2016	4.750%		11,000		1,235		974	13,209
2017	4.750%		15,000		974		618	16,592
2018	4.750%		11,000		618		356	11,974
2019	4.750%		15,000		356		-	15,356
Totals		\$	170,000	\$	31,233	\$	27,195	\$ 228,428

## AUDITORS' REPORTS

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## COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Township Board  
Boston Township  
Ionia County, Michigan

We have audited the general purpose financial statements of Boston Township, Ionia County, Michigan for the year ended March 31, 2005, and have issued our report thereon dated September 16, 2005. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated May 12, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Boston Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Boston Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Boston Township are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2005. We noted no transactions entered into by Boston Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### Difficulties Encountered in Performing the Audit

We encountered significant difficulties in getting routine questions answered by the Clerk.

This information is intended solely for the use of the Township Board and management of Boston Township and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg CPA  
Byron Center, Michigan  
September 16, 2005

## MANAGEMENT COMMENTS LETTER

To the Township Board  
Boston Township  
Ionia County, Michigan

In planning and performing our audit of the financial statements of Boston Township for the year ended March 31, 2005 we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Boston Township's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following reportable conditions that we believe to be material weaknesses.

The Clerk has removed mail intended for the Treasurer from the Township's Post Office box. This compromises the separation of duties that needs to exist between the Clerk and the Treasurer.

We were provided with a written description of the The Township's internal controls. This description is very general and is not provide specific enough to be effective in ensuring the financial statements are complete and accurate. An example is: "Large contracted jobs requiring services are put up for bids." This does not define "Large", and the meaning of "Contracted jobs requiring services" is unclear. Another example: "Incoming checks come to the Clerk, who then passes the money on to the Treasurer for deposit." This clearly compromises the separation of duties between the Clerk and the Treasurer. It is a State of Michigan requirement that the Treasurer maintain custody of the asset, i.e. the incoming checks, the bank statements, etc. and the Clerk maintains the accounting records for these transactions. Another example is: "The tax account is handled by the Treasurer. All other accounts are maintained by the Clerk." This is inaccurate. All accounts are maintained by the Treasurer. The Michigan Department of Treasury has a *Uniform Accounting Procedures Manual*. This manual details the records and procedures that the Township is required, by State law, to follow. I recommend that Township personnel obtain a copy of the *Uniform Accounting Procedures Manual* and implement it.

The "Audit Trail" function in QuickBooks is not turned on. The "Audit Trail" provides reports that show changes made to transactions recorded in QuickBooks.

**Boston Township  
Ionia County, Michigan  
March 31, 2005  
Management Comments Letter  
Page 2**

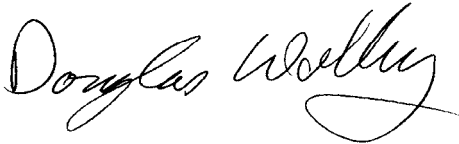
We also noted the following reportable conditions that are not believed to be material weaknesses.

A loan was made between the Public Improvement Special Revenue Fund, and the Tiffany Capital Projects Fund. These interfund transactions were not reconciled and did not balance. Further, the information related to these transfers that was recorded in the minutes was not sufficient for us to gain a clear understanding of the Boards intent.

According to Township practice, officials are allowed to spend up to \$200 in any transaction without prior Board approval. The Clerk spent \$245 without prior approval to change the locks in the Township hall.

The Township maintains an account in the General Fund titled "Escrow due to other funds". This account is used to account for amounts received from individuals to be used for various projects. At March 31, 2005 this account had a debit balance of \$9,563. A debit balance in this account indicates that some person or persons owes the Township \$9,563. The Clerk maintains sheets for each of the projects that are accounted for in this account. We requested the Clerk provide us with a list of the projects' balances that make up this balance. She provided us with copies of the individual sheets. We tried to reconcile the balances on these sheets as of March 31, 2005, but could not.

This report is intended solely for the information and use of the Township Board and the Michigan Department of Treasury and is not to be used by anyone other than these specific parties.

A handwritten signature in black ink, reading "Douglas Wohlberg". The signature is fluid and cursive, with the first name "Douglas" and last name "Wohlberg" clearly distinguishable.

**Douglas Wohlberg CPA  
Byron Center, Michigan  
September 16, 2005**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Township Board  
Boston Township  
Ionia County, Michigan

We have audited the general purpose financial statements of Boston Township, Ionia County, Michigan as of and for the year ended March 31, 2005, and have issued our report thereon dated September 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

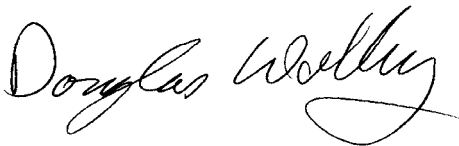
**Compliance**

As part of obtaining reasonable assurance about whether Boston Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Boston Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted certain matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. These are discussed in the Management Comments Letter.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg CPA  
Byron Center, Michigan  
September 16, 2005